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Informational materials

ABOUT QATAR AND THE QATAR FINANCIAL CENTRE

ABOUT QATAR

Qatar has one of the world's fastest growing economies. Reliance on crude oil exports in the past has been replaced by a two pronged approach to management of the nation's economy. This focuses not only on developing Qatar's huge natural gas reserves and its expansion of liquefied natural gas, petrochemicals and condensates production, but also on a programme of economic liberalisation and diversification into a more broadly based economy.

That is why the Government's aim is not merely to make Qatar the world's leading producer of liquefied natural gas by 2008, but also to further develop its financial centre to attract international financial services and associated companies into sectors such as transport and tourism, health and education.

Qatar is pursuing a programme of progressive economic, social and political reform. A new constitution was overwhelmingly approved in a nationwide referendum and came into effect in June, 2005. It provides for Qatar's first ever legislative elections and an independent judiciary and the election of two thirds of the 45-member Parliament - the Majlis al-Shura. Under the new constitution, the judiciary will be fully independent and judges cannot be dismissed "except in cases to be defined by law".

In 2006 Qatar was elected for two years as a non-permanent member of the United Nations Security Council.

Qatar is a member of the Gulf Co-operation Council and contributes to the implementation of integration and cohesion among GCC member countries to meet the aspirations of its peoples in key areas such as security, stability, trade and economic development.

ENERGY AND RELATED INDUSTRIES

Qatar is quickly becoming the world's single largest producer of LNG, and by 2010 will have a production capacity of 77 million tons per year. Qatar's LNG industry is expanding fast, while new oil capacity continues to come on stream, thus boosting export volumes. Output of associated condensates - light oil extracted during gas production - is growing and other gas-based industrial projects (e.g.: the Oryx Gas to Liquid facility) are reaching completion.

In the oilfields, intensified development programmes are increasing and oil production will exceed 1 million barrels per day (bpd) by 2011, which combined with LNG and GTL output will total some 6 million bpd equivalent.

Two gas super-trains are planned, each capable of producing 7.8m tonnes per year. They are expected to supply 15.6m tonnes per year to the US market from 2008. A similar amount is planned for the UK, also from 2008, and the world's largest LNG import facility is currently being built at Milford Haven, a project which will bring 16 million tonnes of gas annually from Qatar into the UK gas transmission network.

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In September 2005 RasGas II signed a 25-year sale-and-purchase agreement with Chinese Petroleum Corporation of Taiwan to supply 3m tonnes/year of LNG. Already Japan, South Korea, India and Taiwan are long term buyers and Italy and Belgium have also committed to buy Qatari gas.

To supply gas to its global customer base, Qatar will expand its fleet of 20 vessels by around another 60, at a cost of some \$15 billion, by 2009. On November 28, 2005, HE Yousef Kamal, Minister of Finance, announced a \$3 billion deal with Samsung, Daewoo and Hyundai for 12 of the largest LNG carriers, as part of Qatar's strategy to optimise the total LNG value chain to its customers around the world.

Qatar launched the world's largest LNG refinery project in November 2005, with production mostly for export to the U.S. In the \$14-billion strategic alliance between the two countries, Qatar Petroleum has a 70% stake and ExxonMobil Ras Laffan III Limited, a subsidiary of the US oil major ExxonMobil, the remaining 30%.

Qatar aims to be a major producer of condensate, naphtha and lube oil by the end of the decade. Meanwhile Qatar Steel Company has embarked on a programme to increase its iron and molten steel capacity by a half while Qatar Petroleum is working on a joint venture with Norsk Hydro to set up an aluminium smelter plant.

INFRASTRUCTURE AND TRANSPORT

To keep pace with the rapid industrialisation programme, Qatar General Electricity and Water Corporation plans to double the country's electricity and water distribution capacity.

Qatar Airways signed a deal in September 2005 with Airbus, the European aircraft manufacturer, for 60 A350 jet airliners worth \$10.6 billion. The aim is to treble the fleet to 120 airliners by 2015 and also develop a global cargo service. Doha's new International Airport will be able to handle 12 million passengers by 2009, and 50 million by 2015.

A master plan is in design to expand Ras Laffan Port's capacity to handle 3,000 LNG ships and other carriers each year. A massive public works renewal programme is now in full swing with projects ranging from new and improved roads to power supplies and enhancements to other utilities.

A project dubbed the "Friendship Bridge" to connect Qatar directly to Bahrain via a 40 km causeway likely to take almost 5 years to build has been agreed at an estimated cost of \$1.8 billion.

Qatar's public transport system was rapidly upgraded in time for the successful Asian Games of December 2006, with hundreds of new buses and taxis coming into service throughout 2006.

SOCIAL DEVELOPMENT

Qatar is investing the equivalent of \$500,000 per citizen over the next five years in the economic and social infrastructure. H. H. the Emir, Sheikh Hamad bin Khalifa al-Thani, said: "We want to be the centre of knowledge and learning in the Middle East. We want our children to have a better chance than we had in the past."

A central feature is investment in education because, as the world moves towards a knowledge economy, the Qatar Government recognises that education will increasingly be the key to business success. Already Qatar has set up local campuses in partnership with six American universities, including Cornell, Carnegie Mellon and Georgetown. Qatar Science & Technology Park provides facilities for companies such as EADS, Microsoft, Rolls Royce, Shell, and most recently GE.

On healthcare, Qatar has set aside \$8 billion for research – the largest cash endowment of its kind anywhere in the world. It is also creating a \$900 million completely digital hospital with Cornell.

ABOUT THE QATAR FINANCIAL CENTRE

The Qatar Financial Centre (QFC) is a financial and business centre established by the Government of Qatar and located in Doha. It has been designed to attract international financial services institutions and major multi-national corporations and to encourage participation in the growing market for financial services in Qatar and elsewhere in the region. The QFC operates to "best of breed" international standards and provides a first class legal and business infrastructure for those operating within the QFC.

The Centre consists of the QFC Authority and the QFC Regulatory Authority respectively, which are independent of each other, as well as a Civil and Commercial Court and a Regulatory Tribunal. The Court is modelled on the internationally respected Commercial Court in London. In the event of disputes in matters of law, it will be the final arbiter. The Regulatory Tribunal has been established to hear and decide upon appeals from decisions of the QFC Regulatory Authority and other QFC agencies.

The QFC Authority is responsible for commercial strategy and for developing relationships with the global financial community and other key institutions both within and outside Qatar with a view to promoting Qatar and facilitating investment in the country. The Regulatory Authority supervises financial services firms who operate in or from the QFC. It has a broad range of powers to authorise, supervise and, where necessary, discipline regulated firms and individuals.

More information is available at www.qfc.com.qa and www.qfca.com.

QFC FACTS

- The QFC was established by the government of Qatar and enjoys the full support of Qatar's Council of Ministers.
- The QFC is not an offshore centre, nor a free zone. Companies licensed by the QFC can operate in local and other currencies.
- The Centre is led by a commercial authority and a regulator – the QFC Authority and the QFC Regulatory Authority respectively. These are independent of each other.
- The QFC is not a property development – QFC law allows buildings in Doha to be designated as QFC sites, which means licensed firms do not have to be in QFC premises.
- The QFC has been open for business since 1 May 2005. The QFC Tower was officially opened on 27 May 2007 and there are now 24 approved locations for QFC licensed firms in Doha.
- The QFC operates on a principal of 'best-in-class'. Laws are international and are transparent, written in English and based on the laws and regulations of the London and New York Stock Exchange.
- QFC provides a conduit for financial service providers to access nearly \$1trillion of investment across the GCC as a whole over the next decade.
- Introduction of system of courts that will supersede local and sharia laws. This will potentially lead to change the legal system of the country as a whole.

QFC AUTHORITY

The QFC Authority is the commercial, administrative and legislative body responsible for driving the commercial strategy of the QFC and for developing relationships with the global corporate community and other key institutions both within and outside of Qatar.

One of the most important roles of the QFCA is to approve and issue licenses to individuals, businesses and other entities that wish to incorporate or establish in the Centre.

Frequently Asked Questions

1. What are the QFC's main objectives?

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More information is available at www.qfc.com.qa and www.qfcra.com.

2. Why establish under QFC law and not the State law?

- Licensed Company will receive 100% ownership
- High standard laws and regulations that are recognized globally
- The licensed companies will be under QFC sponsorship, laws and regulations

3. What is the application process?

- Enquiry Meeting with QFCA
- Provide letter of intent and business plan which should be approved by the Authority
- Pre-application meeting with QFCRA
- Hire consultant or law Firm to assist with the application formalities (optional)
- Submit draft application online

4. How long does the application process normally take?

Depends on the quality of the application. Minimum of 6 months (could take longer)

Under whose sponsorship are the staff of the QFC licensed companies? Is it QFC or the licensed company?

Staff of the licensed companies will be under their companies' sponsorship

5. Once licensed by QFC, is it possible to participate in the local market?

Will they also be able to transact retail business in this market?

The QFC Law allows licensed firms to transact business both within Qatar and elsewhere, subject to regulations in those jurisdictions. There is no limitation

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imposed on retail business by insurance companies. Please refer to Policy Statement No 1 (QFC firms doing business in the state)

7. Is there a minimum requirement for the numbers/designations of the employees? What are the required designations?

They would generally need 4 controlled functions i.e. Anti-Money Laundering, Senior Executive Officer, Compliance and Finance. We might consider whether they could have one person doing more than one function e.g. compliance and AML but it would be dependent on size and complexity.

8. Is it necessary to hire the individuals prior to receiving the license?

Yes, as this must be included in the final application.

9. What are the permitted activities?

The following business activities may be carried on in or from the QFC:

Regulated

- Financial business, banking business of whatever nature, and investment business, including (without limit) all business activities that are customarily provided by investment, corporate and wholesale financing banks, as well as Islamic and electronic banking business;
- Insurance and reinsurance business of all categories;
- Money market, stock exchange and commodity market business of all categories, including trading in and dealing in precious metals, stocks, bonds, securities, and other financial activities derived therefrom, or associated therewith;
- Money and asset management business, investment fund business, the provision of project finance and corporate finance in all business fields and Islamic banking and financing business;
- Funds administration, fund advisory and fiduciary business of all kinds;
- Pension fund business and the business of credit companies;
- The business of insurance broking, stock broking, and all other financial brokerage business,
- Financial agency business and the business of provision of corporate finance and other financial advice, investment advice and investment services of all kinds;
- The provision of financial custodian services and the business of acting as legal trustees;
- **Non Regulated**
- The business of Ship Broking and Shipping Agents
- The business of provision of classification services and investment grading and other grading services;

- Business activities of company headquarters, management offices and treasury operations and other related functions for all kinds of business, and the administration of companies generally;
- The business of providing professional services including but not limited to audit, accounting, tax, consulting and legal services;
- Business activities of holding companies, and the provision, formation, operation and administration of trusts and similar arrangements of all kinds; and
- The business of provision, formation, operation and administration of companies.

10. What are the Forms to be submitted?

- Q01: To be used to apply for a licence to carry on non-regulated activities (as a TPA) in or from the QFC.
- Q02: To be used for a licence/authorisation to carry on regulated activities in or from the Qatar Financial Centre (QFC).
- Q03: To be used to apply for each individual that will perform a Controlled Function such as Compliance/AML, Senior Executive Function, Finance Function, Risk Function, Governance Function and Customer Facing Function.
- CRO 1: Application for the incorporation of Limited Liability Company (LLC) in the QFC – to be used to establish a subsidiary in the QFC.
- CRO2: Application for registration of branch by non-QFC Company– to be used to register a branch in the QFC.

11. What are the requirements to conduct a company licensed in Qatar?

The conducting of business in or from the QFC can only be carried on by entities with a legal presence in the QFC. A legal presence can only be established by incorporating an LLC or LLP with the QFC Companies Registration Office ("CRO"), or by registering a branch of a non-QFC legal entity with the CRO. Entities wanting to conduct Regulated Activities in or from the QFC (as defined in Article 3 of the Financial Services Regulations), including the business activities of insurers and insurance brokers, will also require an operating License from the QFC Authority and Authorization by the QFC Regulatory Authority.

12. What are the rulebooks that have been published by QFC to date?

- General Rulebook ("GENE")
- Principles Rulebook ("PRIN")
- Controls Rulebook ("CTRL")
- Individuals Rulebook ("INDI")
- Anti Money Laundering Rulebook ("AMLR")
- Conduct of Business Rulebook ("COND")
- Assets Rulebook ("ASET")
- Islamic Finance Rulebook ("ISFI")
- Prudential — Investment, Insurance Mediation & Banking Business Rulebook ("PIIB")
- Prudential – Insurance Business ("PINS")
- Interpretation and Application Rulebook ("INAP")

13. Are there any restrictions on licensed companies towards setting up branches in other GCC countries?

There are no restrictions subject to QFCRA's approval.

14. What businesses can a branch write under QFC?

A branch can conduct any business within the scope permitted by the QFCRA i.e. either life or non-life but not both. Apart from this the branch in Qatar (or subsidiary) can underwrite any Qatar-based retail business as long as the business plan submitted to the QFCRA contains full details on projected income, classes of business, etc.

15. What is the basic information to be provided prior to meeting the QFCRA?

- The name of the firm
- The names and positions of the individuals we are meeting
- The history of the firm (including jurisdiction and regulatory background)
- Rationale for wanting to come into the QFC
- Products/services that will be offered and details of any experience delivering such
- Proposed legal entity – subsidiary or branch
- Capital available and proposed owners/controllers



REPORT FROM THE MIDEAST'S BOOMING YOUNG ECONOMIES

BusinessWeek

By Maria Bartiromo

5 May 2008

THE PERSIAN GULF - While the economic conversation in the U.S. is largely about the slowdown, the city-states of Dubai, Qatar, and Abu Dhabi, once obscure and exotic, are in the throes of a game-changing boom. They are attempting to diversify their economies away from oil and liquified natural gas and spread out their investments, even as crude prices hit \$120 a barrel. Their sovereign wealth funds have become crucial to the big U.S. commercial banks and investment firms they have helped bail out--a fact underscored in April when Lehman BrothersBarclays, and Morgan Stanley all announced they were stationing top executives in the Mideast to strengthen relationships there. All those bankers will be based in Dubai, which is racing to morph into a global financial hub. Unlike the tense mood on Wall Street, the attitude--especially in Dubai--is upbeat, and the energy is palpable.

Beginning on Apr. 12, I spent a week in Dubai, Abu Dhabi, and Qatar, where I attended the Doha Forum on Democracy, Development & Free Trade. And so, in a departure from my usual column, this week's FaceTime is a series of impressions and anecdotes from that trip. Included are snippets of interviews I conducted with some of the top players in this white-hot region, such as Sheikh Hamad Bin Jassim Bin Jabr al-Thani, the Prime Minister, Foreign Minister, and head of Qatar's investment authority; James Hogan, CEO of Abu Dhabi-based Etihad Airways; and David Jackson, CEO of Istithmar World Capital, one of four private investment arms of Dubai.

What's the most visible sign of the times in Qatar, Abu Dhabi, and Dubai? Cranes. Everywhere you look, dozens of tower cranes poke into the sky, steely evidence of the modern marvels rising from the sand. The locals in Dubai joke about not being able to give visitors accurate directions because the construction of new streets, office buildings, and neighborhoods is happening so fast that the topography changes overnight.

Listen to Jim Hogan of Abu Dhabi-based Etihad Airways when I ask him what's driving all this growth.

"It's the opening of a new frontier. Geographically, the Gulf is at a natural crossroads of the world, and sectors from construction to tourism are taking advantage of it. Our catchment area is South Asia, the Middle East, and Africa--

which has the combined population of China. It creates activity in its own right. This is Asia 10 to 15 years ago.

"Aviation is booming in the Gulf. We are four years old and are now the fastest-growing airline in the history of aviation. We hope to have more than 50 aircraft by 2011. Our business is different from the European carriers. For example, we have religious traffic from places like Malaysia and worker traffic from India and Bangladesh."

Here's another sign of the times: On a Saturday night at the elegant rooftop bar of La Cigale Hotel in Doha, businesspeople sip mojitos, snack on sushi, and puff away on fat cigars. Earlier, at the piano bar of the Four Seasons Hotel, a patron dressed in an abaya, the flowing white robe worn by Arab men, is asked to leave because it is considered unseemly for anyone in the traditional garb to be in a place where alcohol is served.

Two days later, at the ornate home of Sheikh Hamad, he tells me: "We are very proud of our religion and culture, but we are modernizing." The sheikh is just back from a trip to Cambodia and Vietnam, where he has been looking for investment opportunities. "We are working with these countries," he says. "We are working with India, Malaysia, Tunisia, and Singapore. I'm sure there will be a correction in the Asian market in the next one or two years because of what has happened in the U.S. and in Europe. You cannot isolate that. But in the long term, we think there is a lot of opportunity in Asia." Before I leave, the sheikh says his wife wants to ask me a question. Of course, I say. She giggles and asks in flawless English: "Who does your highlights?"

A couple of hundred people are in attendance at the democracy and trade conference, hosted by Sheikh Hamad, and the guest list underscores how commerce is rapidly changing this part of the world: Israeli Vice-Prime Minister Tzipi Livni, Turkish Prime Minister Tayyip Erdogan, former French Prime Minister Dominique de Villepin, and former U.S. Defense Secretary William Cohen, to name a handful. Throughout my trip, I am struck by the fact that no mention is ever made of the wars in Iraq and Afghanistan or the Israeli-Palestinian conflict.

Walking through the Dubai International Financial Center on Tuesday, Apr. 15, I feel the hustle of a Wall Street bull market. A ticker on the outside of the building, the bustling Dubai exchange inside, huge flat-screen TVs broadcasting CNBC Arabia and Bloomberg. The place screams business.

The next day, I ask David Jackson of Istithmar World Capital if Dubai is in the middle of a bubble. "Office space is demand-driven," says Jackson. "There is a

mentality here that goes `We don't put a spade in the ground unless someone wants to buy.'"

But where is all that demand coming from, I ask. "Transportation businesses have regional hubs here, and there are big service-related industries," Jackson says. "This part of the world is great to service the Middle East, parts of Africa, and Asia. Tourism is big, too. The U.S. is very much underrepresented due to the lack of understanding of the region. This is not Iraq or Palestine. When I am in the U.S. talking to businesspeople there about the region, they ask me, 'Is it safe? Would we need a military escort?' But when you come here, people don't talk about war, they talk about economic expansion."

As these city-states keep expanding, however, it sometimes seems as though money is being spent with utter abandon. And that could be cause for alarm. At one point late in the trip, I am standing outside the lavish Emirates Palace Hotel in Abu Dhabi talking with the well-known former chief executive officer of an American lodging company. "This hotel is incredibly expensive to maintain," he says, adding that just the air conditioning alone must cost a small fortune. "So I asked the manager, 'How do you do it?' And he says, 'Well, we're estimating a \$60 million loss for the year.' Can you believe that?"



Qatar, the Tax Cutter; Our annual country-by-country survey of tax burdens has produced a new low-tax winner: Qatar.

Forbes

Jack Anderson

21 April 2008

Our annual country-by-country survey of tax burdens has produced a new low-tax winner: Qatar. The Persian Gulf state is planning a big reduction in its only significant levy, on corporate income. That leapfrogs Qatar above nearby Dubai as an enticing spot for entrepreneurial wealth creation. Both will now best longtime low-tax champion Hong Kong--despite that territory's tax reductions in its latest budget.

The Forbes Misery & Reform Index sums up the top rates faced by a successful entrepreneur not enjoying special tax favors. We think it is the most relevant among several useful ways of analyzing an investing climate. The 2008 index highlights the stable taxes of Asia while noting the flat tax revolutions of central Europe, the Balkans and Russia.



A Sophisticated State; Forgoing flash for substance, Qatar is channeling its oil wealth primarily into culture and education.

Newsweek International

By Sameer Reddy

21 April 2008

The visionary architect I. M. Pei, who designed the Louvre's pyramid, the Four Seasons Hotel in Manhattan and other iconic high-modernist structures, had packed away his drafting table for good years ago, or so he thought. But then the Museum of Islamic Art (MIA) came calling. A centerpiece of Qatar's development plan, the museum offered Pei free rein over the design—a project too enticing for him to turn down.

Today the museum serves as a symbol of Qatar's highbrow development strategy. Nestled between Saudi Arabia, the United Arab Emirates and the Persian Gulf, the tiny desert nation has long been overshadowed by its showier neighbor Dubai. In recent years, however, Qatar has begun a process of reinvention, determined to channel its significant oil reserves into a more sustainable legacy. Under the guidance of its emir, Sheik Hamad al-Thani, and his politically active wife, Sheika Mozah, it has charted a creative course with the intention of transforming itself into the region's cultural hub. Instead of trying to compete with Dubai for tourists seeking over-the-top excess, it has chosen to focus on a different demographic: those in search of sophistication.

When Qatar wants to make musical headlines, it invites Plácido Domingo to perform instead of a pop singer like Shakira, as Dubai recently did. When developers want to build an adult-size playground, they emulate Venice instead of Las Vegas. And when they want to showcase art and culture, they create their own star vehicle to highlight their people's heritage, rather than franchise a foreign institution, as Abu Dhabi is planning to do with the Louvre.

The MIA offers visitors a unique perspective on local art. Constructed from architectural concrete, stone chameson, granite and stainless steel, the building echoes influences of ziggurats in its blunt, planar exterior. Like the Western perception of the Islamic world, it is dominated by an inscrutable air. Inside, however, the mystery is revealed in a majestic atrium constructed from a geometric series of interlaid circles, squares and triangles seamlessly merging. The design is wholly modern but maintains a distinct link with traditional Islamic architectural and esthetic motifs.

gondolas and pedestrian plazas and squares. Even that part of the project, however, manages to stay on message in terms of Qatar's brand identity: an upscale, evolved lifestyle destination, designed to appeal to a select few instead of the grand masses.

Qatar's policymakers remain passionately committed to the belief that it's not necessary to abandon their heritage in order to make room for the modern world. They seek, instead, to harmonize the two and create a third way, a middle path built on a foundation of both technology and tradition. In a corner of the world that is riven by misunderstanding, their efforts stand as a compelling argument that a progressive, intellectual approach to prosperity might be the best way to keep the peace—and attract the tourists.

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